

[REDACTED]

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[REDACTED]
[REDACTED]

OCT 0 6 1983

Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(7) of the Internal Revenue Code.

The evidence submitted discloses that you were incorporated [REDACTED] under the Nonprofit laws of the State of [REDACTED].

Your purposes as stated are:

"To provide for the administration, management, maintenance, improvement, preservation and control of real property in the community of [REDACTED], in [REDACTED] County, [REDACTED], as a launching place for boats and further to provide for the ongoing maintenance dredging and improvements of the boat canal...."

Your activities, as stated, are to maintain the launching ramp and adjacent canal in a useable and navigable condition. You do not engage in any other activity.

Section 501(c) of the Code describes certain organizations exempt from Federal income tax under section 501(a) and reads, in part, as follows:

"(7) Clubs organized for pleasure, recreation, and other non-profitable purposes, substantially all of the activities of which are for such purposes and no part of the net earnings of which inures to the benefit of any private shareholder."

Revenue Ruling 69-635, C.B. 1969-2, 126, holds that a commingling of members must play a material part in the activities of the organization before a section 501(c)(7) exemption can be granted. The lack of commingling by the members is an indication that the basic purpose of the organization is to provide personal services and goods to the membership similar to commercial counterparts.

Revenue Ruling 7-122, 1970-1 C.B., 132, holds that a flying club providing economical flying facilities for its members, but having no organized

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Rev
Surname		[REDACTED]					

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social and recreational program, did not qualify for exemption because the sole activity of the club was rendering flying services to its members and there was no significant comingling of its members.

Revenue Ruling 55-716, 1955-2 C.B., 263, holds that the absence of fellowship as a material factor in the life of an organization resulted in nonrecognition of exemption to an association formed for the purpose of furnishing television antenna service to its members. Since "Community Antenna" organizations generally do not afford opportunities for personal contact among members, or if there is such contact, it is incidental to the primary purpose, they are not entitled to exemption even though they are organized not for profit.

We have held that you are not entitled to exemption under section 501(c) (7) as you are organized and operated solely to provide a launching ramp and canal for the personal benefit of your members. You do not have any organized social or recreational programs. Any contact between members would be incidental to your purpose. Therefore, you are required to file Federal income tax return on Form 1120.

If you do not agree with these conclusions, you may, within 30 days from the date of this letter, file in duplicate a brief of the facts, law, and argument that clearly sets forth your position. If you desire an oral discussion of the issue, please indicate this in your protest. The enclosed Publication 892 gives instructions for filing a protest.

If you do not file a protest with this office within 30 days of the date of this report or letter, this proposed determination will become final.

If you agree with these conclusions or do not wish to file a written protest, please sign and return Form 6018 in the enclosed self-addressed envelope as soon as possible.

If you have any further questions, please contact the person whose name and telephone number are shown at the beginning of this letter.

Sincerely yours,

[REDACTED]
District Director

RECEIVED BY
DATE
SIGNATURE